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Summary record of the 52nd meeting
Held at Headquarters, New York, on Tuesday, 23 May 2006, at 10 a.m.

Chairman: Mr. Ashe (Antigua and Barbuda)
later: Mr. Saizonou (Vice-Chairman) (Benin)
Chairman of the Administrative Committee on Administrative and Budgetary Questions: Mr. Saha

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The meeting was called to order at 10.10 a.m.

Agenda item 121: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*) (A/60/5 (Vol. II) and Corr.1, A/60/691 and A/60/784)

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1. **Mr. Poulin** (Canada), speaking also on behalf of Australia and New Zealand, said that, as the peacekeeping budget had doubled over the last five years, it was more important than ever for peacekeeping operations to be managed in an efficient and innovative way. While the financial situation of those operations had improved, late payment and non-payment of assessed contributions to the peacekeeping budget was a worsening problem, affecting the Organization's ability to fulfil its peacekeeping mandates. Member States must pay their contributions, including those for completed missions, in full, on time and without conditions. Efforts to implement the measures recommended by the Board of Auditors to strengthen the integrity, competitiveness and sound administration of the procurement system and to broaden the range of suppliers and provide opportunities for local suppliers should continue. Procurement practices should more closely reflect the realities of peacekeeping in the field, and staffing and training procedures should be improved. Guidelines and policies on integrated missions, which were increasing in number, must be further developed.

2. Regional cooperation among peacekeeping operations and with special political missions should be pursued where appropriate. He agreed with the Advisory Committee that regional management of air assets should be increased and that the Department of Peacekeeping Operations and the Department of Political Affairs should work out arrangements for pooling the assets of peacekeeping operations and special political missions where possible. He also supported the establishment of a standing police capacity for peacekeeping missions, the strengthening of the Peacekeeping Best Practices Section of the Department of Peacekeeping Operations and the Advisory Committee recommendations on the support account for peacekeeping operations, which would limit its growth to about 7 per cent. However, he was disappointed that the Committee would not be considering the overview of the financing of peacekeeping operations at the current session.

3. **Mr. Traystman** (United States of America) said that his delegation wished to pay its deepest respects to those who had lost their lives in the duty of peacekeeping. The United States was firmly committed to providing the necessary resources for the effective and efficient operation of peacekeeping missions and, accordingly, to continually improving the management of missions. He welcomed the overall improvement in the presentation of the proposed budgets for 2006/07; in many cases the justification of posts had improved considerably. His delegation looked forward to further clarity in future resource requests, building upon the positive changes made over the past year. The budget format provided concise answers to requests and recommendations of the General Assembly, the Advisory Committee and the Board of Auditors. However, his delegation encouraged peacekeeping missions to provide their own specific information and feedback rather than the generic response contained in many peacekeeping budgets.

4. His delegation was pleased to see that missions had identified efficiencies to be achieved in the upcoming budget year. However, in most cases the missions had taken a uniform approach. They should do more to identify their own specific efficiencies, and he asked the Secretariat to provide information, during the Committee's informal discussions, on the savings to be achieved from the measures identified.

5. In the report on its comprehensive audit of the Department of Peacekeeping Operations (A/60/717), the Office of Internal Oversight Services (OIOS) had stressed that the Department should further strengthen its internal controls and enforce accountability. A number of resource proposals had been made in the support account for peacekeeping operations and individual mission budgets to enhance internal controls, but the linkage between those proposed resources and the actual enforcement of accountability remained unclear. The United States trusted that the Secretariat would elaborate on the issue during the Committee's informal discussions.

6. The United States applauded the efforts made during the past year to address sexual exploitation and abuse, and discerned the beginnings of what it expected would be a major institutional shift in attitude on the issue. It was crucial to sustain and build on the momentum achieved by proceeding expeditiously with current cases and enhancing preventive measures. His delegation looked forward to receiving an update on the progress made on that issue, as well as information on measures required to ensure that it was addressed in a robust and comprehensive manner. The Secretary-General's proposal represented the minimum resource requirement for personnel conduct units. His delegation would like to receive more information on the capacity of OIOS investigators and to learn when the resource implications stemming from the OIOS review would be available.

7. Efforts to increase coordination and consultation between the Department of Peacekeeping Operations and other United Nations entities should be stepped up. The Secretary-General's proposal for the support account attributed the need for additional resources in part to the support provided to special political missions. While those missions did indeed represent a sizeable area of activity, OIOS had pointed out that there were a number of overlapping activities that could be better managed through more consistent and comprehensive consultation between Headquarters, field missions and other United Nations field-based entities. The United States looked forward to receiving information on the efforts being made to enhance coordination and reduce duplication and on the timelines set for those goals.

8. With respect to integration, the United States looked forward to an update on the status of the agreement for shared funding of the posts of Deputy Special Representative of the Secretary-General, which had been under consideration for more than a year and a half. It was not clear from the mission budgets whether the costs of the posts were still being borne completely by the Department or whether the cost-sharing agreement had taken effect.

9. Welcome progress had been achieved in decreasing some missions' reliance on air transport. However, as highlighted in the report of the Board of Auditors (A/60/5 (Vol. II)), there was further room for improvement. His delegation trusted that the issue would be addressed during the Committee's informal discussions. The extent to which shipments of contingent-owned equipment were dependent upon air transport was unclear; he wondered whether there was a trend towards greater reliance on surface transport. He would also appreciate more information about the financial impact on the Organization of the air carrier vendors that had gone bankrupt during the 2004/05 financial period, and about efforts made to recover funds.

10. The United States noted with particular concern the increases in fraud and presumptive fraud identified in the report of the Board of Auditors, particularly in Sierra Leone. His delegation wished to know what was being done to recover the losses identified and to hold those involved accountable. The Secretariat should elaborate on efforts made to determine the losses in the four cases that had not been quantified at the time of the Board's report, and clarify who was taking the lead on those matters.

11. He asked for detailed information on the further steps taken by the Department of Peacekeeping Operations to mitigate the risk of fuel fraud and on the impact of changes already made. Every effort should be made to ensure that United Nations personnel and contingents were advised of new fuel oversight measures. He also wondered whether the efforts under way were sufficient to address the Board's assessment that the risk of poor fuel management might be pervasive and prevalent in a number of missions.

12. In the support account budget, a total provision of over $11 million, representing an increase of 186 per cent, was being sought for consultants; he questioned the justification for that provision. The Secretariat should provide the Committee with clear evidence that the functions and projects for which consultants were being sought could not be performed by existing staff.

13. Noting that OIOS had put forward a number of important conclusions and recommendations with respect to procurement, he said that that the United States Government had also conducted an extensive review of procurement practices. It had carefully considered the necessity of procurement reform for the Organization, and would make detailed comments when additional procurement reports were introduced later in the session.

14. *Mr. Saizonou (Benin), Vice-Chairman, took the Chair.*

15. **Ms. Lock** (South Africa), speaking on behalf of the Group of 77 and China, said that her Group attached great importance to the oversight functions of the Organization, supported the work of the internal and external oversight bodies and urged full and timely implementation of Board of Auditors and OIOS recommendations, as approved by the General Assembly. She recalled that her Group had been at the root of the request for a comprehensive management audit of the Department of Peacekeeping Operations, contained in General Assembly resolution 59/296. Because it strongly supported the primary oversight role of the General Assembly, it had called for those reports to be submitted to the General Assembly, not the Security Council.

16. Her Group was concerned at the OIOS conclusion that internal controls in the Department of Management and the Department of Peacekeeping Operations were still inadequate, as the General Assembly had stressed the need for accountability and accountability mechanisms often in the past, most recently in its resolution 60/260. The Group wished to echo the request made by the representative of Singapore at the preceding meeting for a comprehensive table indicating the problem areas, the status of implementation of OIOS recommendations, areas where the recommendations were being disputed by the Secretariat and the reasons for those disputes. It was also particularly interested to know whether senior managers of peacekeeping operations were cooperating with OIOS auditors and investigators, what audits of the Organization's procurement services OIOS and external auditors had previously conducted, what role the Department of Management had played in commissioning those audits and what legislative mandates had served as a basis for those decisions.

17. While the Group was pleased that the Board of Auditors had been able to issue an unqualified opinion on the financial statements for the Organization's peacekeeping operations, it noted that the Board had repeated some of the recommendations it had made in its previous audits. Steps must be taken to establish achievable time frames for compliance with those recommendations. The Group had noted the information provided in section III of the Secretary-General's implementation report (A/60/691), and looked forward to discussions on how such information could be improved to better respond to paragraph 11 of General Assembly resolution 60/234. The Group also welcomed the efforts to improve coordination between the Board of Auditors, OIOS and the Joint Inspection Unit to avoid duplication.

18. Lastly, while it intended to ask further questions in informal consultations regarding the Board of Auditors recommendations on peacekeeping-related procurement activities, the Group wished to point out at the current meeting its concern at the lack of equitable geographical distribution in allocating system contracts and to urge the Secretariat to take immediate and concrete action to increase procurement opportunities for vendors from developing countries. Reform of the procurement system must reflect the international character of the Organization.

19. **Mr. Kovalenko** (Russian Federation) said that the recommendations contained in the OIOS report on the comprehensive management audit of the Department of Peacekeeping Operations (A/60/717) deserved serious and thorough consideration, to which his delegation would contribute. For the moment, it would confine its comments to procurement issues which OIOS had also raised in a recent internal report widely discussed in a number of forums and in the media. Noting that the page limits placed on documents had prevented OIOS from including details on all of its recommendations in the report, his delegation had availed itself of the opportunity, offered pursuant to General Assembly resolution 59/272, to obtain copies of the individual audit reports.

20. The Organization's procurement system must be reformed in accordance with all the dozen or so relevant General Assembly resolutions, allow all honest suppliers and all Member States equal access to procurement opportunities and eliminate all opportunities for fraud and abuse. Reform could usefully be based on General Assembly resolutions 59/288, on procurement reform, and 59/296, on administrative and budgetary aspects of the financing of the United Nations peacekeeping operations: cross-cutting issues. His delegation was encouraged that many of the OIOS observations coincided with the concerns which the Member States had expressed in the discussion of procurement issues during the fifty-ninth session, including concerns that the absence of criteria to assess best value for money would lead to inflated prices and subjective selection of contractors. It also hoped that OIOS would offer a concrete analysis of how the best-value-for-money principle was being

implemented and to what extent the relevant regulations reflected best practice.

21. Recalling that current procurement policies had been introduced as a result of pressure from the Member States at the end of the 1990s, his delegation considered that those policies, including the stipulated division of functions between the Procurement Service and the Department of Peacekeeping Operations, could, if strictly applied, ensure that the procurement process was transparent and objective. To get an accurate picture of procurement reform, which had after all been in progress for over 10 years, the current situation must be compared to the situation a decade previously.

22. The OIOS report was a catalogue of problems and instances of abuse which the Member States, expert bodies and the media had been discussing for some time, yet the Organization's senior management had not taken the necessary steps to address their causes or symptoms. Moreover, his delegation wondered why, if the problems described were not new, OIOS had taken so many years to issue a report as severe and critical as A/60/717. The Member States had been unsurprised at the description in the report of problems with registration of vendors, conflicts of interest and letters of assist, having raised them in the past within the Fifth Committee and the Advisory Committee, to no avail.

23. Given the need for transparency in procurement issues, his delegation wondered why OIOS, in pointing out defects in the procurement system, had identified peacekeeping missions only as "Mission A" and "Mission B", when in all the other sections of the report, missions had been named in full. Not only did that go against the principle of transparency, it stood in the way of Member States' consideration of the matter. Before the Committee began consultations, OIOS should distribute a table indicating which letter denoted which specific peacekeeping mission. Such shorthand must not become a precedent. More broadly, OIOS should be careful not to conceal information from the Member States and should ensure that the dishonest individuals who had leaked a confidential OIOS report to the press in January 2006 were exposed and punished. While his delegation doubted that they were regular Secretariat staff, the media's distorted portrayal of the content of that report had seriously harmed the Organization's reputation. His delegation agreed with the Deputy Secretary-General's description of that episode as "disgraceful", and any repetition must be prevented.

24. **Mr. Chando** (Malawi), speaking on behalf of the African Group, said that peacekeeping operations were a vital means of ending hostilities, bringing peace and security and enabling reconstruction and development efforts to begin. Accordingly, the support account for peacekeeping operations must have appropriate resources. It must not, however, be used to establish posts which could more properly be funded from the regular budget. The performance report on the budget of the support account for peacekeeping operations for the period from 1 July 2004 to 30 June 2005 (A/60/681) and the report on the budget for the support account for peacekeeping operations for the period from 1 July 2006 to 30 June 2007 (A/60/727) showed that, while posts had remained vacant for long periods, increases in the number of posts were regularly being sought. His Group hoped that other expenditure, in areas such as staff training and information technology, would increase efficiency.

25. His Group had noted the priority which the Secretary-General had attached, in the overview of the financing of the United Nations peacekeeping operations (A/60/696), to the creation of a standing police capacity for the Department of Peacekeeping Operations and to an initiative to further support peacekeeping in Africa in general, and African Union peacekeeping activities in particular, in line with the 2005 World Summit Outcome.

26. The African Group supported the strengthening of the United Nations Logistics Base at Brindisi, but urged that any efforts made should seek to improve cost-effectiveness and efficiency, taking account of the accessibility of the Base's services to end-users. In that connection, it observed that 99 per cent of the Base's strategic deployment stocks were used in Africa, wondered whether the Secretariat had contemplated expanding the Entebbe regional hub and asked that no decision regarding capacity plans for the Base should be taken without consulting the General Assembly.

Agenda item 139: Financing of the United Nations Peacekeeping Force in Cyprus (*continued*) (A/60/584, A/60/592 and A/60/785)

Agenda item 142: Financing of the United Nations Mission of Support in East Timor (*continued*) (A/60/614 and A/60/789)

Agenda item 143: Financing of the United Nations Mission in Ethiopia and Eritrea (*continued*) (A/60/615, A/60/636 and Corr.1 and A/60/790)

Agenda item 144: Financing of the United Nations Observer Mission in Georgia (*continued*) (A/60/643 and Corr.1 and Corr.2, A/60/652 and A/60/810)

Agenda item 146: Financing of the activities arising from Security Council resolution 687 (1991) (*continued*)

(a) United Nations Iraq-Kuwait Observation Mission (*continued*) (A/60/651 and A/60/788)

Agenda item 147: Financing of the United Nations Interim Administration Mission in Kosovo (*continued*) (A/60/637, A/60/684, A/60/720 and A/60/809)

Agenda item 149: Financing of the United Nations peacekeeping forces in the Middle East (*continued*)

(a) United Nations Disengagement Observer Force (*continued*) (A/60/628 and Corr.1, A/60/641 and Corr.1 and Corr.2 and A/60/811)

(b) United Nations Interim Force in Lebanon (*continued*) (A/60/629, A/60/642 and A/60/812 and Corr.1)

Agenda item 150: Financing of the United Nations Mission in Sierra Leone (*continued*) (A/60/631 and A/60/786)

27. **Mr. Kruljević** (Serbia and Montenegro), speaking under agenda item 147, said that the Secretary-General's report on the budget for the United Nations Interim Administration Mission in Kosovo (UNMIK) (A/60/684) was very significant because its issuance coincided with the current talks on the future status of the Province of Kosovo and Metohija. Unfortunately the report was based on incorrect assumptions and unrealistic expectations that had led to a reduction in the resources and personnel being requested, which would reduce the capacity of UNMIK to fulfil its mandate adequately. Given the amount of resources already spent on UNMIK ($2.24 billion as of 31 December 2005) and its mandate to create a secure environment for a multi-ethnic society (pursuant to Security Council resolution 1244 (1999)), there was good reason to question the Mission's achievements.

28. The report did not reflect reality. The people of Kosovo and Metohija had seen no significant improvement in their security or safety or in the rule of law, and the Serbs were increasingly subject to ethnically motivated attacks and harassment. The report assumed that crimes against persons and property would decrease in the coming period, but did not explain why, and failed to provide even a tentative time frame for settling the 10,000 property claims that had yet to be considered. It also failed to indicate how many internally displaced persons had been able to return home, and stated that, in the coming period, the Mission expected to review and prosecute only 350 out of 700 cases of criminal activity against Serbian minorities. Despite those worrying trends, UNMIK had continued to transfer authority to the Provisional Institutions of Self-Government, even in sensitive areas such as security and justice.

29. Moreover, the OIOS report on the investigation conducted by the Investigations Task Force into fraud and corruption allegations at Pristina Airport (A/60/720) provided further indications of the alarming situation. His delegation fully supported the report's recommendations, notably the recommendation that the report should be shared with the Security Council, and welcomed the fact that UNMIK had taken note of the recommendations, whose full implementation was indispensable.

30. Lastly, his delegation wished to note that the manner in which the Secretariat referred to the Province of Kosovo and Metohija in its reports continued to be incorrect, in clear contravention of Security Council resolution 1244 (1999). Those references directly challenged the sovereignty of Serbia and Montenegro over the Province, which remained a part of its territory. His delegation had accordingly requested the Secretary-General to issue the relevant corrigenda.

31. **Ms. Udo** (Nigeria), speaking on behalf of the African Group under agenda item 150, said that the completion of the peacekeeping operation in Sierra Leone had demonstrated that the United Nations could,

with the determination and cooperation of all Member States, begin and successfully complete a peacekeeping operation within a reasonable time frame. All Member States, troop contributors, donors and staff had contributed to that remarkable success. However, it had been achieved at great cost, and the African Group wished to pay special tribute to the men and women who had lost their lives in the service of the United Nations Mission in Sierra Leone (UNAMSIL).

32. The success of UNAMSIL had been due to careful planning and execution of the drawdown phase, which had allowed for the implementation of established benchmarks. The African Group welcomed the establishment of the integrated follow-up mission, the United Nations Integrated Office in Sierra Leone (UNIOSIL), which would help consolidate the gains made by UNAMSIL.

33. As UNAMSIL continued with its liquidation activities, it should work closely with OIOS and exercise caution in order to ensure proper oversight and careful application of rules and regulations. The Group was pleased that UNAMSIL had quickly taken the necessary steps to recover outstanding debts owed to it and that it would also settle all outstanding debts before liquidation was completed.

34. The African Group called on all those concerned to ensure that the lessons learned from the Mission, including in its drawdown stages, were applied to other missions, particularly the United Nations Mission in Liberia (UNMIL), which was rapidly approaching the drawdown stage. The African Group called on the Department of Peacekeeping Operations to use UNAMSIL as a case study for documenting best practices. The outcome of such a study could be included in the next report on the liquidation activities of UNAMSIL.

35. **Mr. Sena** (Brazil), speaking under agenda item 150, said that his delegation wished to associate itself with the statement made by the representative of Nigeria on behalf of the African Group. The successful completion of UNAMSIL and the transition to UNIOSIL were important steps towards sustainable peace in the region. The United Nations should continue to provide strong support to States in their transition from peacekeeping to peacebuilding.

36. Speaking under agenda item 142, he said that the United Nations Mission of Support in East Timor (UNMISET) was another example of a successful peacekeeping operation which would nonetheless require continued United Nations support to consolidate its institutions. In that regard, the United Nations should send a strong signal of support to Timor-Leste.

Other matters

37. **The Chairman** recalled that at the Committee's 51st meeting, the representative of Egypt had raised the issue of the appointment of the Assistant Secretary-General for Peacebuilding Support, pursuant to General Assembly resolution 60/255 (sect. II).

38. **Ms. Van Buerle** (Director a.i. of the Programme Planning and Budget Division), responding to the question raised by the representative of Egypt, recalled that paragraphs 1 and 2 of section II of General Assembly resolution 60/255 began, respectively, with the words "takes note" and "also takes note". The Committee would recall that, in accordance with General Assembly decision 55/488, those were neutral terms that constituted neither approval nor disapproval. That was the basis on which the Secretariat had been working.

39. Turning to paragraph 3 of section II of the resolution, she recalled that the Assembly had approved a provision of up to $1.5 million for a Peacebuilding Support Office and that, according to paragraph 5, the Assembly would revert to the consideration of the Office's level and staffing in the context of the proposed programme budget for the biennium 2008-2009. Accordingly, no posts had been approved in the context of the 2006-2007 budget. The Secretary-General intended to utilize the authorized amount of up to $1.5 million as he considered would best meet the requirements of the Assembly in operationalizing the Peacebuilding Support Office. In that context, she wished to reiterate that there had been no establishment of posts.

40. **Mr. Elnaggar** (Egypt) said that he would be grateful if the response given by the Director a.i. of the Programme Planning and Budget Division could be provided in writing.

41. **The Chairman** said that due note had been taken of the request of the representative of Egypt.

The meeting rose at 11.20 a.m.